

**Second Implementation Plan
2002-2007**

**North Park
Redevelopment Project Area**

**Adopted
March 19, 2002**

The Redevelopment Agency of the City of San Diego

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North Park Redevelopment Project Area

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A. Introduction

This Second Implementation Plan (Plan) is being prepared and adopted according to California's Community Redevelopment Law. This Plan identifies project activities scheduled for the next five years in the North Park Redevelopment Project Area (Project Area) including very low, low and moderate income housing activities.

The North Park Redevelopment Project was adopted to eliminate conditions of blight in the Project Area by new construction, revitalization and upgrading of residential, commercial, office and public properties and facilities within and surrounding the Project Area.

The North Park Redevelopment Project is located in the central portion of the Greater North Park Community of the City of San Diego. The approximately 555-acre Project Area includes the area west of Interstate 805 (I-805), south of Adams Avenue and North of Landis Street. The Project Area's western boundary is located just west of Texas Street north of El Cajon Boulevard, and extends to Park Boulevard along El Cajon Boulevard and Howard Street. The western boundary shifts to Florida Street south of El Cajon Boulevard. Two fingers of the Project Area extend south of Landis Street. Along Florida Street, the Project Area extends south to Myrtle Street and along 30th Street. The Project Area extends south to Olive Street.

The North Park Redevelopment Project will provide plan activities for a 30-year period after the date of adoption and the repayment of debt for plan activities for 45 years after the date of adoption.

The Redevelopment Agency has been working with the community and the North Park Project Area Committee (PAC) in identifying the constraints and opportunities of the Project Area. The goals and objectives of the Project Area as well as proposed redevelopment actions are discussed in this Plan and related redevelopment documents.

B. Description of Project Blighting Conditions

Conditions of project blight within the Project Area continue to be addressed by the development of the proposed projects. The physical and economic conditions of blight in the Project Area together, have caused a reduction in the proper use of the area to such an extent that it has become a burden on the community that cannot be reversed or alleviated without the assistance of the Redevelopment Agency through the authority of the California Community Redevelopment Law.

The physical conditions of blight described in the California Community Redevelopment Law that exist in the North Park Redevelopment Project Area include the following:

- 1) Buildings that are unsafe due to dilapidation and deterioration, defective design or physical construction, faulty or inadequate utilities and building code violations;
- 2) Factors that prevent the economically viable use of buildings or lots, which includes substandard design, inadequate size by current standards, lack of parking and other

similar factors; 3) Adjacent or nearby uses that are incompatible with each other and which prevent the economic development of those parcels or other portions of the Project Area; and 4) Subdivided lots of irregular form and shape and inadequate size for proper usefulness and development that are in multiple ownership.

The economic conditions of blight described in the California Community Redevelopment Law that exist in the Project Area include the following: 1) Depreciated or stagnant property values or impaired investments including, properties containing hazardous wastes; 2) Abnormally high business vacancies, abnormally low lease rates, abandoned buildings, or an excessive number of vacant lots; 3) Residential overcrowding or an excess of bars, liquor stores, or other businesses that cater exclusively to adults, which have led to problems of public safety and welfare; and 4) High crime rates, which constitute a serious threat to the public safety and welfare.

C. Specific Goals and Objectives of the Agency for the Project Area

The North Park Redevelopment Plan proposes to eliminate conditions of blight in the Project Area by new construction, revitalization and upgrading of residential, commercial, office and public properties and facilities within and surrounding the Project Area. In general, the goals and objectives of the Redevelopment Plan developed by the North Park Project Area Committee are: 1) eliminate and prevent the spread of blight and deterioration and conserve, rehabilitate and redevelop the Project Area; 2) improve, promote and preserve the positive neighborhood characteristics in North Park while correcting its physical and economic deficiencies; 3) promote and enhance varied housing opportunities; 4) improve, support and promote the growth and vitality of the Project Area's business environment and address its commercial, service and employment needs; 5) increase parking, enhance the quality of mobility and improve transportation facilities which support the vitality, safety and viability of North Park; 6) expand and improve park and recreation facilities, green belts and open space; 7) enhance infrastructure facilities; 8) increase and improve quality education opportunities in North Park; and 9) reduce and control crime and increase and improve needed health and social services in North Park.

D. Specific Projects and Expenditures Proposed to be Made During the Next Five Years

In 2001, the Agency commissioned an Implementation Strategy for the Project Area to determine the best approach to allocate available resources to capitalize on market demand in the area, stimulate private reinvestment, enhance community amenities, protect existing residents and businesses from negative impacts resulting from new development and to effectively achieve redevelopment objectives. The North Park Redevelopment Project Implementation Study identifies several geographic areas as key opportunities for the Agency to leverage private investment, which includes prominent parcels occupied by low intensity uses and/or dilapidated structures where zoning would permit more intense mixed-use development. Since presentation of the Implementation Study, a number of private developers have expressed interest in discussing collaborative

efforts to redevelop some of the identified key sites. If fruitful, these proposals could yield in excess of 400 new dwelling units at various levels of affordability.

The Implementation Study concludes that based on an analysis of the local real estate market and current real estate and lending conditions, the demand for new dwelling units, rental and for sale, is high. This is evidenced by low vacancy rates, strong resale values and greater level of property owner reinvestment. Projected population growth within the County of San Diego specifically in the community of North Park, will continue the demand for residential development within the Project Area, varied by fluctuations in employment growth and interest rates. This Study indicates that there is less demand for retail commercial space.

The study identifies a dearth of larger development sites that would accommodate cost effective infill development, and confirms the need for public assistance in developing these parcels. The costs and uncertainties associated with the reuse of previously developed property favors construction of more expensive residential dwelling units such as freestanding and attached condominiums. However, it is anticipated that Agency assistance will continue to be influential in producing a substantial number of affordable dwelling units within the Project Area.

In November of 2000, the Redevelopment Agency issued \$7 million in tax allocation bonds to assist in the development of critical initial projects of which, the net proceeds are restricted to public improvements and affordable housing. The proceeds of the first bond issue are anticipated to be committed prior to the end of fiscal year 2002. Subject to actual tax increment revenues, the issuance of a second series of bonds may be considered in FY 2003, potentially yielding \$7 to \$9 million in proceeds, which will leverage additional private redevelopment within the Project Area.

In accordance with the statutory pass-through formula stipulated in AB 1290, additional shares of tax increment should be distributed to the following local taxing entities: 1) San Diego County Office of Education, 2) San Diego Unified School District, 3) San Diego Community College District, 4) County of San Diego, 5) City of San Diego and the 6) County Water Authority. Annual tax increment revenues anticipated to accrue to the Redevelopment Agency during the next five years are projected to be \$ 1,199,843 in FY 2003, \$ 1,308,628 in FY 2004, \$ 1,419,589 in FY 2005, \$ 1,532,770 in FY 2006 and \$ 1,648,215 in FY 2007.

The development projects identified in this Plan are dependent upon attracting qualified developers and obtaining the funds to finance the projects.

The expenditures projected for the next five years are anticipated to include costs for Agency project administration, Agency implementation and bond debt service payments associated with the issuance of debt. The annual expenditures are estimated at.....

1) Five Year Projects Schedule

- Fiscal Year 2003 Work Program

Complete seismic retrofit of the historic North Park Theatre, and transfer property to a private developer, which would impose conditions on future use of the property favoring live performance theatre.

Pursue construction of a 400-space public parking structure located northwest of 30th Street and North Park Way. This would involve the completion of a financing program, negotiation for property acquisition, demolition of existing non-residential improvements and preparation of plans for temporary replacement parking improvements.

Assist with the development of a mixed-use project located northwest of El Cajon Boulevard and 30th Street incorporating approximately 115 dwelling units affordable to both senior citizens and working families. This assistance includes property acquisition, providing relocation assistance to tenants and assistance with processing necessary development approvals. A Housing Replacement Plan will be prepared to identify the method by which demolished or destroyed living units will be replaced.

Assist with the relocation of the North Park Community Center to a space in the proposed mixed-use project area.

Continue to proactively seek new commercial and residential development within the Project Area through the solicitation of developer interest/proposals.

Monitor and coordinate other public sector activities within the Project Area sponsored by the City of San Diego and other public agencies including, business outreach and marketing, housing programs, streetscape and lighting and landscape improvements.

Monitor Project activities and coordinate community and North Park Project Area Committee (PAC) input into Project development. Staff the North Park PAC.

Prepare for the issuance of a second tax allocation bond, amount to be determined by actual tax increment receipts.

- Fiscal Year 2004 Work Program

Based on tax increment receipts, float the Project area's second bond to finance projects within North Park.

Complete construction of a 400-space public parking structure northwest of the intersection of 30th Street and North Park Way.

Continue to assist in the development of mixed-use project northwest of the intersection of El Cajon Boulevard and 30th Street.

Continue to assist in the relocation of the North Park Community Center to new space in the proposed mixed-use development at the intersection of El Cajon Boulevard and 30th Street.

Assist in the development of proposed commercial and mixed-use projects to be located at key redevelopment opportunity sites throughout the Project Area.

Continue to proactively seek new commercial and residential development within the Project Area through solicitation of developer interest/proposals.

Continue to implement and monitor the housing strategy for the expenditure of the Project's low and moderate-income housing fund.

Maintain and continue community outreach such as continuing Agency-staffed North Park office hours; respond to resident, property and business owners concerns and interests; and continuing outreach to real estate brokerage, development and lending industries to attract and retain investment within the Project Area.

Monitor and coordinate other public sector activities within the Project Area sponsored by the City of San Diego and other public agencies such as business outreach and marketing activities, housing program activities, streetscape and lighting and landscaping improvement activities.

Monitor Project activities and coordinate community and North Park Project Area Committee (PAC) input into Project development. Staff the North Park PAC.

- Fiscal Year 2005 Work Program

Continue to assist in the development of proposed commercial and mixed-use projects to be located at key redevelopment opportunity sites throughout the Project Area.

Continue to proactively seek new commercial and residential development within the Project Area through solicitation of developer interest/proposals.

Continue to implement and monitor the housing strategy for the expenditure of the Project's low and moderate-income housing fund.

Maintain and continue community outreach such as continuing Agency-staffed North Park office hours; respond to resident, property and business owners concerns and interests; and continuing outreach to real estate brokerage, development and lending industries to attract and retain investment within the Project Area.

Monitor and coordinate other public sector activities within the Project Area sponsored by the City of San Diego and other public agencies such as business outreach and marketing activities, housing program activities, streetscape and lighting and landscaping improvement activities.

Monitor Project activities and coordinate community and North Park Project Area Committee (PAC) input into Project development. Staff the North Park PAC.

- Fiscal Year 2006 Work Program

Continue to proactively seek new commercial and residential development within the Project Area through solicitation of developer interest/proposals.

Continue to implement and monitor the housing strategy for the expenditure of the Project's low and moderate-income housing fund.

Maintain and continue community outreach such as continuing Agency-staffed North Park office hours; respond to resident, property and business owners concerns and interests; and continuing outreach to real estate brokerage, development and lending industries to attract and retain investment within the Project Area.

Monitor and coordinate other public sector activities within the Project Area sponsored by the City of San Diego and other public agencies such as business outreach and marketing activities, housing program activities, streetscape and lighting and landscaping improvement activities.

Monitor Project activities and coordinate community and North Park Project Area Committee (PAC) input into Project development. Staff the North Park PAC.

- Fiscal Year 2007 Work Program

Continue to proactively seek new commercial and residential development within the Project Area through solicitation of developer interest/proposals.

Continue to implement and monitor the housing strategy for the expenditure of the Project's low and moderate-income housing fund.

Maintain and continue community outreach such as continuing Agency-staffed North Park office hours; respond to resident, property and business owners concerns and interests; and continuing outreach to real estate brokerage, development and lending industries to attract and retain investment within the Project Area.

Monitor and coordinate other public sector activities within the Project Area sponsored by the City of San Diego and other public agencies such as business outreach and marketing activities, housing program activities, streetscape and lighting and landscaping improvement activities.

Monitor Project activities and coordinate community and North Park Project Area Committee (PAC) input into Project development. Staff the North Park PAC.

E. Explanation of How the Goals and Objectives, Projects and Expenditures Will Eliminate Project Blighting Conditions

The Redevelopment Plan for the Project Area advocates development of new and rehabilitated commercial mixed-use, retail, office, residential, park and recreation, transportation and public facilities uses. The Plan proposes to alleviate the adverse conditions evident in the Project Area by encouraging reinvestment and improving traffic and parking conditions in the North Park community.

The five-year implementation plan proposes to eliminate and prevent the spread of blight and to conserve or rehabilitate the Project Area in accordance with the general plan, specific plans and local codes and ordinances. Redevelopment relies upon successful application of capital resources to the acquisition, assemblage and preparation of parcels, proper development phasing and accurately addressing the needs of the community. A coordinated effort to phase-in new development over the life of the project will achieve these objectives.

In order to expand affordable housing opportunities in the Project Area a variety of housing alternatives are addressed in the Redevelopment Plan. The five-year implementation plan focuses on the creation and reintroduction of affordable housing along major transportation or mixed-use corridors. By stimulating private investment in the area and providing the necessary goods and services within the community, bringing affordable housing to the Project Area will return a sense of vibrancy and cohesiveness to the entire North Park community. A critical mass of residential dwelling units will also increase pedestrian activity, benefiting retailers and producing a safer, more economically viable environment.

In addition to affordable housing, the Plan will implement new commercial, retail and office development, and provide for the rehabilitation of commercial space. The new commercial development discussed previously in this plan will be focused in the “multiple-use” sectors of the Project Area, particularly at the intersections of major commercial corridors identified as development “nodes” by the Greater North Park Community Plan. This development will provide conveniently located commercial goods and services to residents of the Project Area.

Other objectives of this Plan include: improving the quality of non-vehicular transportation alternatives through the creation and improvement of non-vehicular transportation routes throughout the Project Area; enhancing infrastructure facilities which improve the community and support public safety, health and local vitality; and, undertaking such public improvements as needed to eliminate both physical and economic conditions of blight.

The on-going project goals and objectives will help ensure continued progress toward alleviation of existing project blighting conditions and will facilitate continued reinvestment in the Project Area and surrounding community. Periodic reassessment of

existing and planned projects, which include PAC input, will insure that the Redevelopment Plan achieves the objectives stated in this implementation plan.

F. Explanation of How the Goals and Objectives, Projects and Expenditures Will Implement Project Housing Requirements

1) Goals and Objectives

The California Community Redevelopment Law requires that not less than twenty percent (20%) of all tax increment generated by the project shall be used for the purpose of increasing the community's supply of very low, low and moderate income housing. Additionally, affordable dwelling units shall remain affordable for not less than the period of land use controls established in the project plan. The Redevelopment Project's on-going goal is to develop housing in compliance with current legislation and available Project resources.

2) Low and Moderate Income Housing Fund

- Amounts Available to Housing Fund

Housing set-aside funds from the North Park Redevelopment Project are projected to be \$ 239,969 in FY 2003, \$ 261,726 in FY 2004, \$ 283,918 in FY 2005, \$ 306,554 in FY 2006 and \$ 329,643 in FY 2007. Upon receipt by the Agency, these funds will be used to generate housing within the Project Area. Proceeds of the \$ 7,000,000 Series 2000 tax allocation bond issue set-aside as prescribed by Community Redevelopment Law total \$ 1,258,763.

- Projected Housing Units and Funds Expended

Assuming an average \$56,400 of assistance per unit of new housing, approximately 25-30 dwelling units could be developed using housing set-aside funds. The actual amount of housing set-aside funds will depend upon actual tax increment receipts. The actual number of units developed will depend on market conditions and be determined as specific projects are pursued. The housing set-aside funds that accrue to the Agency will be expended on anticipated residential projects.

3) Agency Developed and Project Area Housing

The Housing Compliance Plan as required by California Community Redevelopment Law, shall estimate the number of new and rehabilitated dwelling units to be developed in the Project Area and the number of units for very low, low and moderate income households to be developed in order to meet inclusionary housing requirements. The inclusionary housing requirements state that: 1) fifteen percent (15%) of all new or rehabilitated dwelling units developed by public or private activities in a redevelopment project area should be affordable to low and moderate income households, of which forty percent (40%) shall be available at affordable housing cost to very low income

households; 2) thirty percent (30%) of all new and rehabilitated dwelling units developed by an Agency shall be affordable for low and moderate income households; and 3) not less than fifty percent (50%) shall be affordable for very low income households.

The Agency is not expected to develop units itself, but will assist private entities and other public agencies with the development of housing. Therefore, the Agency will comply with the fifteen percent (15%) requirement.

- Housing Unit Estimates Next 10 Years and Life of Plan

The projected number of new housing units that will be developed over the next 10 years and over the life of the Redevelopment Plan are [REDACTED] and 900 respectively.

- Housing Unit Estimates for Very Low, Low and Moderate-Income Households Next 10 Years and Life of Plan

Assuming that the [REDACTED] and 900 total housing units projected for the area are developed with Agency involvement, [REDACTED] and [REDACTED] units respectively, would be required to meet the fifteen percent (15%) threshold for Very Low, Low-, and Moderate-Income households would be achieved based upon the forecasted tax increment revenue. The actual number of units developed will depend on market conditions and be determined as specific project are pursued. The housing set-aside funds that accrue to the Agency will be expended on anticipated residential projects.

- Number of Very Low, Low and Moderate-Income Units Already Developed

No units have been developed or assisted since the Redevelopment Plan has just been established. The Agency is in the process of negotiating agreements that would result in the development of approximately 100 dwelling units affordable to very low-income seniors and 14 dwelling units affordable to moderate-income families.

- Number of Agency-Developed Units

As stated above, the Agency is not expected to develop dwelling units itself, but will assist private entities and other public agencies with the development of housing.

- Number of Agency-Developed Very Low, Low and Moderate-Income Units

As stated above, the Agency is not expected to develop dwelling units itself, but will assist private entities and other public agencies with the development of housing.

4) Replacement of Dwelling Units Destroyed or Removed

The Redevelopment plan calls for focusing new development along the main transportation corridors that historically have experienced commercial development. Minimal residential displacement is expected to be necessary to carry out the commercial

development components of the Plan. If residential buildings were to be removed for commercial projects, they would most likely be those buildings that are in a state of deterioration, located on parcels designated for commercial uses, in the commercial corridors. As estimated in the North Park Redevelopment Plan Report to City Council, approximately 712 dwelling units within the Project Area may be removed in order to implement the proposed Redevelopment Plan over the next 25 years. Units removed or destroyed will be replaced to the extent required by California Community Redevelopment Law.

G. Summary

The Implementation Plan for the North Park Redevelopment Project sets forth the specific projects planned for the Project Area during the next five years, in accordance with the California Community Redevelopment Law. This plan anticipates that the Agency will assist in the development of over 400 dwelling units of varying levels of affordability and over 40,000 square feet of commercial space. This plan also anticipates Agency assistance in the construction of a 400-space public parking garage and the relocation of the North Park Community Center.